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# Bermuda

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# I. General

1. Bermuda[1] is located in the western part of the Atlantic Ocean about 917 kilometres east of Cape Hatteras on the North Carolina coast of the United States of America. It is named after the Spanish navigator, Juan de Bermudez, who first discovered it in 1503 and mapped the islands. In 1612, when it was known as the Somers Isles in commemoration of Bermuda's British founder father and colonizer, Admiral Sir George Somers who had landed there in 1609, the Bermudians were in the third charter of the Virginia Company. The charter was revoked in 1684 and Bermuda became a British crown colony.

2. The Territory has a total area of 53.35 square kilometres and consists of 150 islands and several islets extending from north-east to south-west along the edge of an extinct, submarine volcano. Many of the islands are connected and rise above sea level to an average height of 30 metres and a maximum elevation of 86 metres. The terrain is generally hilly, with fertile depressions and some marshy areas. The largest island is about 22.5 kilometres long and 3.2 kilometres wide. It covers an area of about 3,650 hectares, consisting mostly of a fertile, shallow valley.

3. According to July 1997 estimates, Bermuda had a population of 62,569, of which 61 per cent were of African descent and 39 per cent comprised Whites and others. The last official census, taken in 1992, placed the population at 60,075.

# II. Constitutional and political developments

## A. General

4. Bermuda is administered by the United Kingdom of Great Britain and Northern Ireland and is its oldest remaining colony. Governors are appointed by the Queen and the Government of the United Kingdom after consultation with the Premier of Bermuda. In June 1997, Queen Elizabeth II appointed John Thorold Masefield as the Governor of Bermuda.

5. The Constitution of Bermuda, adopted in June 1968 and amended in 1973, 1979 and 1989, contains provisions relating to the protection of fundamental rights and freedoms of the individual; the powers and duties of the Governor; and the composition, powers and procedures of the Legislature, the Executive, the judiciary and the public service. The United Kingdom remains responsible for defence, external affairs and internal security.

6. Bermuda has a parliamentary system of government. The Government of Bermuda comprises a Governor, a Deputy Governor, a Cabinet and a bicameral Legislature with a House of Assembly of 40 directly elected members and a Senate of 11 appointed members. Five members of the Senate are appointed by the Governor, on the advice of the Premier, three on the advice of the leader of the opposition and three by the Governor at his discretion. The 40-member House of Assembly is directly elected for a maximum term of five years. The House is 379 years old and only the legislative assemblies of the United Kingdom and of Iceland are said to pre-date it.

7. The Governor, who is appointed by the British monarch as noted above, is responsible for defence, external affairs, internal security and the police. He delegates some responsibilities in these areas to the territorial Government. In exercising his reserved powers, the Governor is required to consult with the Governor's Council, of which he is Chairman, and of which the Premier and two or three Cabinet ministers nominated by the Premier, are members. The Premier, newly elected Jennifer Smith of the Progressive Labour Party (PLP), and her Cabinet, through the Legislature, have full responsibility for the Government, except where restricted by the Governor's reserved powers. The Secretary of the Cabinet, appointed by the Governor in accordance with a recommendation by the Premier, heads the public service and also acts as Secretary to the Governor's Council.

8. As a crown colony, Bermuda has no independent international relations at the political level. It maintains a 700-strong Defence Regiment; the male adult population is subject to military conscription, involving three years' part-time liability for weekly drills and an annual camp. It has a police force of approximately 450 full-time officers and several hundred part-time police reserves. The Regiment helps the Bermuda Police maintain law and order over the 21 square miles of territory.

9. It is estimated that the Government of Bermuda employs more than 14 per cent of Bermuda's entire working population. It has 9 appointed parish councils, 2 elected municipal corporations and 108 government boards. It also pays the salary of the Governor.

10. Bermuda's law and legal system are based on the United Kingdom model; the ultimate court of appeal is the Privy Council in the United Kingdom.[2]

### B. Political parties and elections

11. There are three political parties in the Territory: the United Bermuda Party (UBP), the National Liberal Party (NLP) and PLP. The Premier is chosen from the majority party and heads a cabinet of no more than 14 members of the legislature.

12. In the most recent general election in Bermuda, held on 9 November 1998, PLP, led by Jennifer Smith, won a majority of 12 seats in the territorial legislature, defeating UBP and taking power for the first time in the 35 years since the party system began in 1968. The next election is due by October 2003.[2]

13. Press reports indicate that the PLP victory was attributed largely to the party's shift from the left to a more centrist stance. PLP has reportedly said that it will promote more social programmes for Bermudians and pursue the key issues of education and training, the hiring and promotion of Bermudians in the workforce and the provision of affordable housing.

## III. Activities related to the withdrawal of military bases

14. Until September 1995, the United States of America maintained a naval air station in Bermuda; its evacuation released an area of land amounting to 10 per cent of the Territory's total area. Information on activities related to the withdrawal of the military bases during 1993 and 1994 is contained in previous working papers on the Territory prepared by the Secretariat (A/AC.109/1189, paras. 31–35, and A/AC.109/2020, paras. 10 and 11). It will be recalled that, in October 1995, Grant Gibbons, the then Minister of Finance, announced the closure of the following military bases and/or installations in the Territory: the United States Naval Air Station at St. David's, the United States Naval Annex and Tudor Hill facility at Southampton; and the former Canadian Forces Station at St. Daniel's Head. He warned that the withdrawal of those military bases would result in an annual loss by the Territory of approximately US$ 50 million in the foreign currency earnings that had originated from the operation of those bases. The Minister further unveiled a long-term plan for the utilization of the land transferred to the jurisdiction of the territorial Government as a result of those closures. The plan includes the following development projects: a golf course and other tourism-related developments, a commercial fisheries centre, a technology park, an educational and research centre, a public marina and recreation facilities. It is expected that the implementation of the plan could create an additional 3,000 jobs in Bermuda. The Bermuda Land Development Company, a quasi-government agency, is managing the projects (A/AC.109/2041, paras. 8 and 9). The cost of refurbishing the former United States base is being borne by the Government through the Bermuda Land Development Company, which was set up in 1996 after the British, United States and Canadian military forces pulled out of their respective bases.

15. The closure of the United States military bases has left a significant environmental problem which relates to asbestos that was used in the base buildings and other facilities. Asbestos is being removed from the buildings that are being demolished. It is reported that Bermuda is holding some 525 20-ton shipping containers full of asbestos.

16. The environmental situation is unique in many respects. The land of the former base also poses a problem of soil and groundwater pollution. Land is obviously scarce, freshwater resources are very limited, and storage capacity for hazardous waste disposal does not exist. It is one of the most northerly coral reef areas, making the marine environment surrounding the island extremely fragile as well. In addition, industrial waste and raw sewage that were disposed of in Bassetts's Cave over time will pose a threat to parts of the Territory's water system, unless they are removed. Underground and above-ground petroleum storage tanks — many in poor condition — are leaking into surrounding soil and groundwater. Landfills left behind are also causing environmental problems.

17. Bermuda's previous Government had tried without success to get the United States to pay to clean the polluted sections of the former bases. It had asked for $55 million but was reportedly advised that the pollution did not pose a "known imminent and substantial danger to human health and safety". The United Kingdom and Canada have contributed to cleaning up their former bases. The United Kingdom will also back Bermuda's request for the United States to pay for the cost of cleaning up the pollution it left behind.

18. According to media reports, the new Government of Bermuda has resumed communication with the Government of the United States regarding this issue. The Government has invited United States lawmakers to Bermuda for a first-hand look at the pollution problems faced at the old United States naval instalments.

# IV. Economic conditions

## A. General

19. Bermuda has no natural resources, in the conventional sense, upon which to build a viable economy. It has historically capitalized on its location and scenic beauty and has developed a renowned tourist industry, which continues to be an important component of the territorial economy. The international business industry also makes an important contribution to the economy of Bermuda, bringing in large amounts of foreign currency. Other earnings are derived from shipping, investment income and other goods and services.

20. Manufacturing and agriculture exist on a limited scale and therefore contribute little to the economy of Bermuda. The local manufacturing sector includes printing, fish processing and ship repair, as well as the manufacture of paint. In recent years, there have been attempts to attract high-technology companies to Bermuda in an effort to develop in the Territory a centre for information technology. Agricultural activity is constrained by the small amount of land available for farming.

21. According to Economist Intelligence Unit estimates, during 1998 Bermuda's rate of inflation was 2.0 per cent. The gross domestic product (GDP) per head, considered one of the highest in the world, rose to $2,433. Real GDP growth was 2 per cent. Government revenue for the financial year ending 31 March 1998 rose by 8.4 per cent to $517.5 million and expenditures rose by 5.9 per cent to $524.1 million. As a result, the fiscal deficit narrowed to 0.3 per cent of GDP. The most significant increases in government revenue came from payroll tax and customs duty, an indication of higher employment and increased consumption in the local economy. Significant increases in expenditure were recorded in education, health and social services.

22. As a policy, successive budgets have increased a variety of taxes and fees for government services; a capital gains tax on property sales by non-Bermudians was introduced in 1995. There is no income tax, and customs duties account for about 35 per cent of government revenues; other significant revenue sources are company fees, land and stamp taxes, employment tax, a hospital levy, vehicle licence fees and taxes on hotel occupancy, passenger departures and cigarette sales. On the expenditure side, recent years have seen an increasing stress on improving the competitiveness of the tourism sector and enhancing the skills of Bermudians.

23. Bermuda's heavy dependence on imports, overwhelmingly from the United States, and the currency's peg to the dollar mean that inflation has followed the United States pattern.[2]

## B. Public finance

24. The PLP Government's first budget, presented in February 1999, is designed to implement its plan of social and economic reconstruction. According to the Government, the budget is designed to assure confidence in the business community; it increases revenue without raising taxes, and at the same time it promises prudent investment in some of the social needs of the community, particularly in housing, education, health and public security.[3]

25. The new Government inherited a robust economy, with a GDP of $2,339 in 1997, and $2,433 in 1998,[4] showing a growth of 3 per cent in 1997 and 2 per cent in 1998. The Government forecasts a nominal 4 per cent growth in GDP in 1999/2000, with 2 per cent inflation.

26. In presenting a budget that broke through the half-billion dollar mark (the estimated revenue for 1999/2000 is expected to total $551.6 million),[3] the new Finance Minister said that expenditures would be focused on improving the quality of life for all Bermudians. More than $511 million was to be spent out of the country's current account, which is about $36 million more than the last projection. Income was set to go up mainly as a product of the Territory's booming offshore sector, to $550 million, an increase of $20.3 million over the 1998/99 budget. The bulk of the new cash would go to education (22 per cent of the budget) and training, health and social services (31 per cent), with lesser amounts going to law and order and to easing the housing crisis. The Government has been criticized for not pursuing a more progressive tax policy.

27. According to the Finance Minister, tourism and international business remain Bermuda's primary sources of foreign exchange earnings. However, tourism levels were falling below expectations. Despite volatile financial markets, growth in international business continued in 1998 and new registrations brought the total number of companies on the international register to 10,556 by the end of the third quarter of 1998. During 1997, the number of international companies with a "physical presence" had increased by 26, to a total of 327.

28. Bermuda continues to have a low and stable rate of inflation, which fell by 2 per cent over the first three quarters of 1998. The 1998 employment survey indicates that the rate of job creation in Bermuda is slowing down; it shows a net increase of 108 jobs whereas the 1997 survey reported an

increase of 663. International companies registered the largest increase in employment, followed by business services and the construction industry. However, hotel employment has fallen, as have jobs in restaurants, bars and cafes.

29. The current balance-of-payments account registered a record surplus of $174 million in 1997 and another current account surplus is expected for 1998. At the end of the second quarter of 1998, the current account had already recorded a $91 million surplus. In addition to the rapid growth in foreign exchange earnings of international businesses, investment income was becoming a significant contributor to the current account surplus.

30. The new Government is due to conduct a review of the tax system. A consultancy report on the tax structure commissioned by the previous UBP administration has still to be released.[4] PLP has pledged not to institute a system of income taxes, and has dropped a previous proposal to widen the tax base to include a tax on investment income earned by individuals. As a means of instilling confidence among the business community, the Government will extend by another four years, to 2020, the act that governs international businesses and protects them from taxation.

31. According to some analysts, the threat by the European Union, the Organisation for Economic Cooperation and Development and the Group of 7 to take action against unfair tax competition in offshore Territories is expected to cast a shadow over Bermuda's financial sector. Bermuda was expected to send delegates to OECD in May to present its case. In the White Paper released in March 1999 (see para. 89 below), the United Kingdom Government would offer full citizenship to its "Overseas Territories" while at the same time pressing the Territories to comply with certain international financial standards.

## C. Banking

32. Foreign banks are not allowed to operate in Bermuda; as a result, local banks benefit from a quasi-monopoly in handling lucrative international business operations for offshore clients.

33. The Bank of Bermuda, founded in 1889, is ranked as the world's 684th largest bank and the Bank of Butterfield is ranked 795th. A third bank, Bermuda Commercial Bank, founded in 1969 and the only bank owned by Bermudians of African ancestry, was acquired in 1993 by First Curação International Bank based in the Netherlands Antilles. The central bank, the Bermuda Monetary Authority, was established by the Bermuda Monetary Act, 1969.

## D. International business

34. The contribution made by international business companies to Bermuda's economy continues to be an important factor of the economic welfare of the Territory. However, it is reported that the international business community is concerned that the implementation by PLP of its social agenda and its wish to introduce a contributory unemployment insurance programme could make Bermuda a more expensive business location. The intention of PLP to raise the proportion of nationals employed by international companies could restrict the granting of work permits to foreigners. The employment of foreign workers, who make up 19 per cent of the total workforce, is a major source of local resentment.

35. Bermuda is one of the world's leading offshore financial and business centres, a leading world captive insurance centre and a favoured venue for specialist companies operating as financial reinsurers covering international companies against the cost of legal awards. The growth of this sector in Bermuda is attributable mainly to increasing rates for international reinsurance in Europe and North America, as well as to the Territory's financial regulations and the absence of a tax on profits, dividends or income.

36. Growth in the international business sector is powered by insurance, reinsurance and financial sector companies. The foundations for Bermuda's insurance industry[5] were laid shortly after the Second World War. United States corporations realized they could save money with a paper device known as a captive insurance company, which enables a corporation to effectively sell itself insurance and deduct the premiums from its taxable income. Many United States corporations began registering their captives in Bermuda and today it is reputed that there are roughly 1,400 captives in Bermuda, more than anywhere else in the world.

37. According to some professional assessments, Bermuda has grown to become "a convenient extension" of the United States insurance industry, and one that has generally managed to "steer clear of money laundering, drug smuggling and most of the fly-by-night financial scams that have tarnished other so-called tax havens".[5]

38. According to a survey of trends in the industry by Swiss Re, Bermuda-based insurers have taken a 5 per cent, or $6 billion, share of the global market. According to an

annual study by Tillinghast-Towers Perrin, Bermuda continues to lead the world in attracting new captive insurance formations. Some 94 new insurance licences were issued by Bermuda in 1998; of those about 63 were to new captives.

39. As Bermuda's tourist industry has seen a decline over recent years, the economic balance has reportedly tipped in favour of insurance and related businesses, which, during the most recent fiscal year, pumped $757.6 million into Bermuda, compared with $472.3 million from tourism. The Bermuda International Business Association is reportedly working with the Government to put forward changes in the island's legislation that will help attract more insurance companies.

40. Bermuda maintains a substantial shipping register, which ranks as the fifth largest in the world, and now outstrips tourism as a foreign-exchange earner and contributor to government revenues.

41. The 27-year-old Bermuda Stock Exchange continues to promote itself as an offshore jurisdiction for listing companies. At the end of 1998 it had 251 listed securities, including 170 funds, 13 trading members and 4 listing sponsors. Total trading volume was in excess of $27 billion. It is in the process of switching to a new electronic trading system.[4]

42. The Standard and Poor's credit-rating agency has confirmed its AA long-term, foreign-currency, sovereign credit rating for Bermuda. The outlook remains stable and is based on the Territory's achievements in attracting and retaining offshore financial services companies, including insurance and investment management companies.

## E. Communications and transport

43. According to professional analysts, the transport and telecommunications infrastructure is of a high standard, which reflects the high income level and requirements of the main economic activities. The Territory continues to be an attractive location for innovative international telecommunications firms.[4]

44. The international telecommunications system was recently liberalized. Since May 1997, the long established monopoly of Cable and Wireless has been challenged by the newly licensed TeleBermuda International. The Bermuda Telephone Company is the main provider of local calls. In 1998, a new competitor, Quantum Communications, began providing data services.

45. Project Oxygen, which has established its headquarters in Hamilton, is building a $10 billion global fibre-optic network that aims to lower global telecommunications costs. Global Crossing, a United States telecommunications company, based its headquarters in Bermuda in 1998.

46. The Bermuda Broadcasting Company operates two commercial television stations and four radio stations. A third television channel and three radio stations are operated by the De Fontes Broadcasting Company. *The Royal Gazette* is the only daily newspaper and there are two weekend newspapers, one of which also publishes a mid-week edition.

47. Airport services are reported to have improved considerably in recent years. There are regular and well-established services between Bermuda and the United States and to the United Kingdom. Hamilton serves as the main port in the Territory and supports container facilities, whereas port services are provided at St. George's and Ireland Island, a free port.

48. Bermuda has a good network of public and private roads that can support car, lorry and tanker traffic. However, it is totally dependent on imported oil energy. Its electricity capacity is thermal-diesel or gas-turbine. Electricity production and distribution are the responsibility of the Bermuda Electric Light Company.

## F. Tourism

49. Tourism continues to constitute a major sector of the territorial economy and a principal source of foreign exchange. However, it has undergone a steady decline since the 1980s. Bermuda has an upmarket image and the absence of casinos and gambling makes it less attractive to the mass market.

50. The new Government has pledged to revitalize the tourist sector, and will aim its efforts at preparing for a year 2000 business plan. It has restructured the Tourism Board and formed a new National Tourism Action Group. Based on an initial study carried out by the Monitor Company under the Tourism Competitiveness Programme which was launched in 1997, Bermuda plans to initiate programmes to restore the Territory's tourism industry, with the support of the commercial and business community (see A/AC.109/2109, para. 45).

51. The Government has allocated over $35 million to the Tourism Department in the new budget. The new Minister for Tourism has outlined a programme to launch a marketing and advertising campaign, boost entertainment in hotels, improve hospitality and information facilities for visitors,

introduce duty-free shopping for tourist merchandise, provide incentives for large and small guest properties and increase the promotion of the island in the United States, Europe and Latin America. It is negotiating fly-cruise packages with cruise lines and hotels to bring in a new era of tourism to Bermuda.

52. One of the Territory's largest hotels is expected to close down at the end of the summer 1999 while at the same time there are calls for new hotels, better training for hotel staff and more attractions to existing resorts to boost tourism.

53. Although Standard and Poor's is not too optimistic about a revival in this industry, according to the Economist Intelligence Unit, the decline is bottoming out.[6] Actual room nights sold for the first nine months of 1998 were 5.31 million compared with 5.21 million during the same period in 1997. In the first eight months of 1998, hotel occupancy rates rose from 60.1 to 62.3 per cent. The average length of stay climbed by 2.1 per cent to 4.33 nights in the same period. Visitor spending jumped by 7.5 per cent in the second quarter to an average of $1,373 per person. Indicating divergent trends, air arrivals fell by over 2 per cent for the first nine months of 1998 and overall air and cruiseship arrivals were down 1.3 per cent compared with 1997, while cruiseship arrivals continued to grow. The new initiative for weekend cruises and cruise-and-stay tourism through Norwegian Cruise Lines is expected to improve hotel occupancy in the future.

54. The Government is also looking to increase the number of airlines that serve the Territory; so far, British Airways and four United States airlines bring visitors to Bermuda. However, it has been hampered by the fact that the United Kingdom controls all airline agreements affecting the Territory; this matter is currently under review.[7]

# V. Social conditions

## A. Race and gender issues

55. It will be recalled that, in his statement of 5 November 1993 (see A/AC.109/1189, para. 75), the Governor had announced the creation of a new Ministry of Human Affairs to deal with racial discrimination in the community and to work with all concerned towards its elimination. Detailed information regarding this was outlined in document A/AC.109/2109, paras. 49 and 50.

56. The Commission for Unity and Racial Equality Act 1994 was enacted by the legislature and the Commission was established the following year. The Commission is actively involved in working with individuals, employers, unions and institutions to promote better race relations through education and social programmes aimed at changing behaviours and improving attitudes on racial issues.

57. It is reported in the press that the PLP Government intends to amend the Act to make the code of practice a legally binding document because it is too important an issue to be left to voluntary compliance. In January 1999, the Government announced that it would carry out a survey in the next few months which would target more than 500 firms with a special questionnaire. The Commission would first provide a series of workshops on equal opportunity practices. It would emphasize the problems of racism and discrimination in the workplace and work to create a better environment in business, prior to reviewing the code of practice. The questionnaire is to be sent to companies with 10 or more employees and the intention is to monitor their progress thereafter.

58. According to media reports, in June 1998, a group called Citizens Uprooting Racism in Bermuda (CURB), an amalgamation of various organizations, including the Human Rights Commission, the National Association for Reconciliation, Amnesty International and the Commission for Unity and Racial Equality, organized a debate that was attended by 600 Bermudians representing a cross-section of races.[8] As an outcome of the debate, CURB made several recommendations, including the following:

(a) The Human Rights Commission should publish a register of jobs held by non-Bermudians and the related work permit expiry dates;

(b) Companies should be encouraged to reassess the benefits provided to non-Bermudians that are not available to Bermudians;

(c) An examination should be made of the issue of Whites releasing power and the legacy of the "old boys network";

(d) One school system should be established and private schools abolished, in order to provide all Bermudians with the same opportunities;

(e) Recognition should be given to Blacks in history and Bermudian history should be taught in schools;

(f) Blacks should stop using racism as an accusation when being legitimately disciplined;

(g) The Government should publicly acknowledge the racist policies of the past and make an apology to Blacks;

(h) Guest workers should train Bermudians and then leave.

59. The press reported that some observers were advising caution in reading a report based on 600 people. In general, press commentators conceded that some of the recommendations were valid and went to the core of Bermuda's racial problems and were an indication that the issues raised were a matter of concern that needed to be discussed and addressed further.

### Human rights

60. Bermuda is covered by the following human rights conventions, pursuant to their accession by the United Kingdom:

(a) Convention on the Prevention and Punishment of the Crime of Genocide, acceded to by the United Kingdom on 30 January 1970;

(b) International Covenant on Economic, Social and Cultural Rights, signed and ratified by the United Kingdom on 16 September 1968 and 20 May 1976, respectively;

(c) International Covenant on Civil and Political Rights, signed and ratified by the United Kingdom on 16 September 1968 and 20 May 1976, respectively;

(d) Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, signed and ratified by the United Kingdom on 15 March 1985 and 8 December 1988, respectively; Bermuda was included on 9 December 1992;

(e) Convention on the Rights of the Child, signed and ratified by the United Kingdom on 19 April 1990 and 16 December 1991, respectively;

(f) International Convention on the Elimination of all forms of Racial Discrimination, signed and ratified by the United Kingdom on 11 October 1966 and 7 March 1969, respectively; covers Territories under the territorial sovereignty of the United Kingdom;

(g) Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty, signed by the United Kingdom on 31 March 1999.

### Gender issues

61. Bermuda is not a signatory to the Convention on the Elimination of All Forms of Discrimination against Women or the United Nations Declaration on the Elimination of Violence against Women. Once ratified by the United Kingdom, United Nations conventions can be applied to Bermuda upon request. The Convention on the Elimination of All Forms of Discrimination against Women was ratified by the United Kingdom in 1986. Three British Dependent Territories requested that the Convention be applied to them but Bermuda was not one of them. Currently, Amnesty International is trying to get at least 10,000 signatures to a petition in Bermuda, to be handed over to the Premier. It is hoping to get support from businesses and charitable organizations for its campaign.

62. According to press reports,[9] the previous Government had changed the name of the Women's Advisory Council to "The Bermuda Family Council". This reportedly was done without sufficient consultation with women's groups within the community. Concern has been voiced in the media by various women's advocacy groups who see this as a change in focus away from women's issues by the Government. Others have voiced cautious optimism about the shift in focus, which broadens the mandate of the Council. Alternatively, it has also been suggested that a family council should be established in addition to and not instead of a women's council.

63. While assuring women that the Council would not lose any focus despite the shift from women only to the family, the Health and Social Services Minister has announced the setting up of a task force to consider how to improve the plight of many young male African-Bermudians. The Council would promote a positive environment which would address the needs of families in the home, school, workplace and the broader community.[10] The project was to be one of the main priorities for the new Bermuda Family Council.

## B. Labour

64. According to a 1997 employment survey, the number of jobs grew by 2 per cent between 1996 and 1997, with employment growing particularly strongly in international companies and construction. Employment declined in hotels and the wholesale business.[11]

65. Traditionally, the bulk of management and professional jobs in Bermuda have been held by White males. The survey showed that Whites were three times as likely as Blacks to hold management and administrative positions and twice as likely to hold professional and technical jobs. Within the professional sectors there were signs that Blacks were making headway as they took up half the new positions, whereas they held only 42 per cent of the jobs overall.

66. Although the number of Blacks holding jobs in the administrative and managerial sector increased by 6.1 per

cent, the proportion of jobs held by Blacks actually declined, from 30.5 to 30.3 per cent, as Whites took 64 per cent of the new jobs.

67. The new Government is expected to reveal a new immigration policy for long-term residents. It intends to issue a discussion document — a Green Paper — on long-term residents and would prepare a further White Paper to be tabled in the House.[12]

## C. Public health and the environment

68. The Ministry of Health and Social Services continues to be responsible for all aspects relating to public health. Medical care is provided by private practitioners and three government health clinics. Fees are charged for hospital care, and medical insurance is compulsory for all workers. A hospital levy covers the cost of services rendered by the hospitals to children under 16 years of age. Indigent persons over 65 years of age pay 20 per cent of hospital costs.

69. The Government wants its health-care system to provide quality care as efficiently as possible. The 1999/2000 budget allocates $61.5 million to hospitals and another $14.4 million to health care. The additional $3.62 million over the previous year's budget includes provision for a detoxification unit to work with the new Drugs Court and funds to develop the Territory's fifth community group home for people with learning disabilities. Some of these funds are intended for redevelopment of rest homes for the elderly, a senior citizens' centre and a child-care programme for low-income families. A youth counselling programme is also to be set up under the National Drug Commission.

70. According to Health Department statistics, 12 people had died of acquired immunodeficiency syndrome (AIDS) by mid-1998, making the total so far 330, and 13 new cases were identified. Some 90 per cent of the deaths were of Blacks. Ten years ago, 90 per cent of AIDS cases in Bermuda were caused by intravenous drug use but now an increased percentage was occurring as a result of homosexual or heterosexual activities.

71. There has been a resurgence of concern over the return and spread of dengue fever which had been eradicated from Bermuda in the 1940s. Mosquitos are said to be flourishing in the central parishes and the Ministry of Health is seeking the public's help in destroying their habitat.

72. The PLP Government has passed a new green law, the 1999 Clean Air Amendment Act, which will ensure tougher emission standards and seek to lessen pollution from vehicle spray shops, dry cleaners and firms using gas and diesel pumps. The Environmental Authority is responsible for ensuring compliance.

73. Environmental officials hope to arrange a clean-up campaign to rejuvenate the Pembroke Canal which has been a pollution disaster area for nearly 100 years after becoming choked and stagnant with oil, chemicals and sewage.

74. The major environmental concern, however, remains the thousands of tons of asbestos left behind by departing military contingents. The asbestos dust was "safely" packaged but it could not be dumped at sea or buried underground. Some 525 containers full of asbestos at the Bailey's Bay quarry and at the old United States Navy base at South Side, St. David's, were constantly monitored by officials from the Environment Ministry. The Government has high hopes that the Government of the United States will provide financial assistance to clean up the asbestos and clear the ground of oil and heavy metals before the land can be redeveloped.

## D. Drugs, criminal justice system and police

75. According to press reports, a recent survey conducted in 1997 by the National Drug Commission suggests that fewer students are using alcohol, tobacco or marijuana than in 1994. Current users of marijuana accounted for 14.1 per cent of students, down from 15.1 per cent in 1994, but up from 9.7 per cent in 1991. The decline among current users of alcohol is the most striking, falling from 52.9 to 26.3 per cent between 1991 and 1997. Tobacco use also fell slightly, from 15.1 to 14.1 per cent over the same period. This can be interpreted as evidence that the combination of educational and preventive programmes being pursued in Bermuda is proving effective.[13]

76. The newly appointed Chairman of the National Drug Commission hopes that the new Drug Court could start operating by the latter part of 1999. Its focus would continue to be drug prevention. He is committed to supporting changes in Bermuda's criminal justice system to affect the treatment of persons who come before the courts and who are in need of treatment for alcohol and drug abuse. The Commission is spearheading the second adult population survey, which will address the public's views on the implications of substance abuse for this community. The results should be available by mid-summer.

77. Media reports show there is renewed concern over the Territory's prison and justice system. There have been calls for a more enlightened approach to make it more effective. Alternatives to prison, rehabilitation and training, updating

of laws and regulations, the role of the Treatment of Offenders Board, public safety, investigation and information-gathering techniques and tools are some of the issues being debated and reconsidered, particularly after a number of high-profile cases of murder, sexual assault and armed robbery and a reported rise in crime.

78. The PLP Government has made the office of the Attorney General a political office and plans to create a new Director of Public Prosecutions. It is claimed that Bermuda has the highest density of police officers anywhere, with 21 police officers per square mile (see para. 8 above). It also has several hundred part-time police reserves. Some $35.7 million is budgeted for the police and $13.1 million for the prisons.[14]

## VI. Educational conditions

79. Education in Bermuda is compulsory for all children from 5 to 16 years of age, and is free for students in the pre-school, junior, special and secondary government schools administered by Bermuda's Ministry of Education.

80. The Government was reported to have invested $6.2 million in new facilities for middle schools in 1997. The renovations are part of a two-phase plan, with most of the work expected to be done in the first phase over a five-year period. Middle school education will offer an expanded curriculum and will last for three years, with students moving on to the senior school for a four-year programme.[15]

81. Bermuda has a Public Schools' Code of Conduct embodied in the Education Act 1996, which is applied to all government schools and has its equivalent enforced in private schools.

82. There are no degree-conferring universities, and no business or law schools in Bermuda. The Government awards a number of scholarships each year to young Bermudians accepted at leading universities in the United States, Canada or the United Kingdom. Scholarships are also awarded by local banks, principal law firms and Bermuda-based international companies, to obtain university degrees or to enter the civil service, banking, business, insurance and legal firms in the private sector. Under the Bermuda Government's National Education Guarantee Scheme, begun in 1994, no Bermudian student with university potential is denied an opportunity for further education owing to a lack of funds. The Government provides education loans for university attendance with a generous pay-back period.[16]

83. Education has the second highest allocation in the 1999/2000 budget, with an increase of 11.2 per cent over the previous year, to $85.1 million. The Prime Minister, who also has the education portfolio, has promised to reduce class sizes, reduce pupil-teacher ratio to 15:1 by the start of the next school year, improve safety and security for pupils and staff, establish elected school boards and reinforce the important links of education through specially trained attendance officers. The Government has pledged to set up a national standard for pre-schools and to establish early intervention programmes for children with special needs.

84. The Government has decided to concentrate on training teachers to make the best use of technology. A private sector plan to expose all of Bermuda's public school students to "cutting-edge" technology could become part of the school curriculum by the start of the new school year. This is expected to be done in cooperation with three major universities in the United States.

85. A three-week study sponsored by the Bermuda Foundation for Insurance targeted education, tourism, international business and Government as the key areas for development. It singles out Black males as having a negative perception towards the international business industry and being attracted to "blue collar" jobs. According to the study, Bermuda should "not only focus on internal differences of nationality, sex, age or class, but should look to the future of the country ... and motivate Bermudians to get specialized education, international experience and build international relationships of trust and respect that will put Bermudians in global control of the Bermuda insurance industry" which, according to the Foundation, with some 3,000 employees, generates more than $100 million in assets.[17]

86. The report also urges increasing scholarship opportunities, extending Bermuda College from a two to a four-year programme, providing computer access for all primary and secondary-school students, and encouraging the study of second and third languages.

## VII. Future political status of the Territory

### A. Independence referendum

87. It will be recalled that, on 24 March 1995, the territorial House of Assembly adopted the Independence Referendum Act. On 5 April 1995, the bill was approved by the Senate. The referendum was held on 16 August 1995. According to the administering Power, 58.8 per cent of registered voters participated in the referendum, the results of which were as follows: 25.6 per cent voted in favour of

independence; 73.7 per cent voted against it and 0.7 per cent abstained. Following the referendum, Sir John Swan, Premier of Bermuda, resigned and was replaced by former Finance Minister David Saul (see A/AC.109/2020, paras. 31–40, and A/AC.109/2041, paras. 35–37).

## B. Position of the administering Power

88. On 4 February 1998, the Secretary for Foreign and Commonwealth Affairs of the United Kingdom, Robin Cook, in a speech before the Dependent Territories Association in London, announced that in his first months as Foreign Secretary, he had set in motion a review of the United Kingdom's stewardship of the Dependent Territories. A summary of the principles and key issues contained in the proposal "to modernize" the United Kingdom's relations with the Territories is contained in document A/AC.109/2102, paragraphs 70–81.

89. In March 1999, the Government of the United Kingdom presented a White Paper to its Parliament, entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories". The text of the White Paper is set out in the annex to document A/AC.109/1999/1. Key recommendations are noted below:

(a) In future the Territories would be known as the United Kingdom Overseas Territories, in short Overseas Territories;

(b) British citizenship (and so the right of abode) would be offered to those people of the Overseas Territories who did not already enjoy it and who met certain conditions;

(c) Those who did not want to take it up would be able to remain British Dependent Territories citizens;

(d) British Overseas citizens would not be included in this offer, nor would it apply to people who owed their British Dependent Territories citizenship to links with the British Indian Ocean Territory or the Sovereign Bases on Cyprus;

(e) The offer of citizenship would be on a non-reciprocal basis (as far as the right of abode is concerned). No conditional links have been made between the offer and other obligations set out in the White Paper;

(f) Administrative and representational arrangements would include:

(i) Establishment of parallel Overseas Territories structures in the Foreign and Commonwealth Office and the Department for International Development;

(ii) The appointment of Baroness Symons as Minister with responsibility for the Overseas Territories;

(iii) The creation of an Overseas Territories Consultative Council to bring together British Ministers and the Chief Ministers of the Overseas Territories or their equivalents;

(iv) The designation of a First Secretary in the office of the Permanent Representative of the United Kingdom to the European Union as the point of contact for the Overseas Territories with the European Union;

(g) In terms of good governance, provision would be made for:

(i) Improved regulation of the financial service industries in the Overseas Territories to meet internationally acceptable standards and to combat financial crime and regulatory abuse;

(ii) Measures to promote greater cooperation with international regulators and law enforcers so as to share information and improve worldwide financial regulation;

(iii) Enhanced measures to combat drug trafficking and drug-related crime;

(iv) Reform of local legislation in some Territories to comply with the same standards of human rights as those existing in the United Kingdom with regard to capital punishment, judicial corporal punishment and consensual homosexual acts. If local action is not taken Her Majesty's Government would enforce the necessary changes;

(h) Measures for sustainable development would include:

(i) Partnership between Her Majesty's Government and the Overseas Territories to promote economic growth and self-sufficiency;

(ii) Confirmation that the reasonable assistance needs of the Overseas Territories would be a priority in the development programme;

(iii) Continued budgetary aid for Montserrat and St. Helena;

(iv) Strengthened procedures and guidelines on borrowing by the Overseas Territories;

(v) Enhanced policies, legislation and standards for the protection and management of the rich natural environment of the Territories;

(vi) Increased funds (£1.5 million over three years) to assist in creating and implementing integrated environmental programmes;

(vii) Agreement of an environmental charter between the United Kingdom and the Overseas Territories;

(viii) Technical support, training and cooperative schemes to build local capacity to manage and monitor the environment.

## C. Position of the territorial Government

90. In September 1995, David Saul, then Premier of Bermuda, stated that "independence was water under the bridge" and that the "issue would not be raised again during the life of the current parliamentary session".[18] That position remained unchanged during the period under review.

91. However, with the publication of the White Paper, independence has resurfaced as an issue. There has been no official reaction to the White Paper as such up to the date of writing the present report. According to press reports, the initial reaction of the PLP Government was positive[19] whereas the opposition leader's reaction was to call for a referendum.[20] The White Paper is being debated and discussed in the public media and the press. According to a media poll a majority favoured receiving British passports. According to others, the White Paper is considered "divisive". There is some concern that if Bermudians do not choose to accept what is being offered, the United Kingdom will effect the changes it wants anyway. Some explain that the United Kingdom is under pressure to comply with the human rights conventions among other things, and others say the question of independence would have to be a subject for negotiations. According to some the document is considered a tremendous threat to the social and moral fibre of the community and a retrograde step that will now put the independence issue back on the table; others think it would expand opportunities for Bermudians. Further clarifications are being called for as the debate continues.

## D. Action by the General Assembly

92. In a statement before the Special Political and Decolonization Committee (Fourth Committee) of the General Assembly, on 5 October 1998, the representative of the United Kingdom stated her Government's position towards its Dependent Territories (see also A/C.4/53/SR.3, paras. 18–24).

93. On 3 December 1998, the General Assembly adopted without a vote resolution 53/67 B, section III of which concerns Bermuda.

*Notes*

[1] The information contained in the present working paper has been derived from published information.

[2] The Economist Intelligence Unit, first quarter of 1998.

[3] *The Royal Gazette*, 20 February 1999.

[4] The Economist Intelligence Unit, country report on Bermuda, first quarter 1999.

[5] *The New York Times*, 28 April 1999.

[6] The Economist Intelligence Unit, NewsWire, 10 February 1999.

[7] *The Royal Gazette*, 6 March 1999.

[8] Ibid., 12 October 1998.

[9] Ibid., 2 October 1998 and 5 February and 8 March 1999.

[10] Ibid., 8 March 1999.

[11] Ibid., 8 January 1999.

[12] Ibid., 10 December 1998.

[13] Ibid., 13 January 1999.

[14] *The Royal Gazette* Web site: bermuda-online.org.

[15] *Bermuda Sun*, 18 July 1997.

[16] *The Royal Gazette*, 5 May 1998.

[17] Ibid., 21 July 1998.

[18] Ibid., 30 September 1998.

[19] Reuters, 17 March 1999.

[20] *The Royal Gazette*, 18 March 1999.